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INFO EUR-03 SOV-01 PA-01 PP-01 /000 A3

INFO OCT-00 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-00
 DOGE-00 N-01 NEA-06 NSCE-00 NSAE-00 COME-00 SSO-00
 NA-06 LAB-04 TRSE-00 PM-09 OPIC-07 PA-01 CEA-01
 OMB-01 STK-10 STC-01 INXE-00 SMS-01 FRB-03 XMB-02
 AGR-01 ICAE-00 DEPA-02 SPRS-02 OF STA/E A/CDC/MR

DRAFTED BY EUR/SOV:NBURAKOV;EB/OP:MPETERS

APPROVED BY THE SECRETARY REVIEWED BY ZACHARY DATE 10/4/83

EUR:LSEAGLEBURGER

EB:EBJOHNSTON JR

EUR:RLBARRY

EUR/SOV:RKGERRAN TS AUTH.

ICA:LBALDYGA SUBS

S/S:LPBREMER ARA:JBUSHNELL

EA:JHOLDRIDGE

BEA:NYELIOTES AF:CHUCKER

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0916 EDR4959 :

--THE LIFTING OF THE EMBARGO DOES NOT CHANGE THE FACT THAT SOVIET INTERVENTION IN POLAND WOULD EVOKE A PROFOUND AND LASTING RESPONSE FROM THE US THAT WOULD JEOPARDIZE THE ENTIRE RANGE OF U.S.-SOVIET RELATIONS.

6. U.S. POSTURE TOWARD THE SOVIET UNION:

--THE LIFTING OF THE EMBARGO SHOULD NOT BE INTERPRETED AS A WEAKENING OF OUR POSITION TOWARDS THE SOVIET

UNION. DURING ITS TERM IN OFFICE, THE REAGAN ADMINISTRATION HAS COMMUNICATED CLEARLY TO THE SOVIET UNION THAT WE WILL RESIST SOVIET AGGRESSION AND INSIST ON SOVIET RESTRAINT.

--THE USSR SHOULD BE UNDER NO ILLUSION THAT AGGRESSIVE BEHAVIOR IN POLAND OR ELSEWHERE WILL MEET WITH ANYTHING BUT THE MOST PROMPT, FIRM AND UNIFIED RESPONSE.

--THIS ADMINISTRATION HAS TAKEN AND IS TAKING CONCRETE STEPS TO ENABLE THE U.S. AND ITS ALLIES TO DETER SOVIET THREATS TO OUR INTERESTS AND TO RESPOND TO CHALLENGES SHOULD THEY ARISE.

7. US-SOVIET GRAIN TRADE:

--IN ACCORDANCE WITH ARTICLE VI OF THE EXISTING GRAINS AGREEMENT, ADDITIONAL SALES OF CORN AND WHEAT FOR THIS FISCAL YEAR WOULD BE DETERMINED THROUGH CONSULTATIONS WITH THE SOVIETS, SHOULD THE SOVIETS DESIRE ADDITIONAL PURCHASES.

--DECISIONS ON A NEW LONG-TERM GRAINS AGREEMENT WITH THE SOVIETS HAVE NOT YET BEEN MADE.

8. EFFECT ON OTHER US-SOVIET TRADE ISSUES:

--THE LIFTING OF THE EMBARGO SHOULD NOT BE TAKEN AS AN INDICATION OF THE ADMINISTRATION'S FUTURE TRADE POLICY TOWARD THE SOVIET UNION OR ANY OTHER ASPECT OF EAST-WEST ECONOMIC RELATIONS. THE ADMINISTRATION'S STUDY OF US-SOVIET TRADE POLICY AND EAST-WEST RELATIONS HAS NOT YET BEEN COMPLETED.

--THE POLICY TOWARD TRADE IN NON-AGRICULTURAL GOODS HAS NOT BEEN CHANGED. AS IN THE PAST, EXPORT LICENSES FOR OTHER GOODS AND EQUIPMENT WILL BE REVIEWED AS NECESSARY ON A CASE-BY-CASE BASIS.

--THE LIFTING OF THE EMBARGO DOES NOT SIGNAL OUR ENDORSEMENT OF THE PROPOSED SIBERIAN GAS PIPELINE PROJECT. WE CONTINUE TO BE CONCERNED ABOUT THE STRATEGIC IMPLICATIONS OF THIS PROJECT. THESE IMPLICATIONS ARE BEING CONSIDERED IN THE CONTEXT OF THE ADMINISTRATION'S CURRENT REVIEW OF EAST-WEST ECONOMIC RELATIONS.

9. ALLIES:

--FRIENDLY COUNTRIES WHICH WERE PRINCIPALLY CONCERNED WERE CONSULTED IN ADVANCE OF THE PRESIDENT'S ANNOUNCEMENT TO LIFT THE EMBARGO.

--WE DO NOT BELIEVE THAT LIFTING THE EMBARGO WILL AFFECT ALLIED READINESS TO COOPERATE WITH US IN RESTRAINING SOVIET INTERNATIONAL BEHAVIOR AND ENHANCING WESTERN DEFENSE POSTURE.

10. THE SECRETARY'S SUPPORT OF THE DECISION:

--SECRETARY HAIG FULLY SUPPORTS THE PRESIDENT'S DECISION.

--HE HAS CONSISTENTLY AGREED WITH THE PRESIDENT THAT THE EMBARGO WAS IMPOSING AN UNFAIR BURDEN ON THE U.S. FARMER. HIS CONCERN WAS ONLY THAT THE DECISION NOT SEND A WRONG SIGNAL CONCERNING OUR FOREIGN POLICY POSTURE TOWARD THE USSR.

11. MINIMIZE CONSIDERED, HAIG

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